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Fresh approach needed towards regulation and support of 'green' social enterprises in the emerging new economy

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About the research

For small and medium-sized organisations and initiatives that respond to climate change with socially oriented business models, formal government policies and laws do not necessarily provide the most effective support for their way of working. 'Green' social enterprises often develop bottom-up perspectives that do not fit well with the frameworks of existing regulation, or the expectations of existing professional advice and support.

In the comparative study *Between Social Movement and Social Enterprise*, researchers from the Universities of Bristol, UK and New South Wales (UNSW), Australia have examined local, community-based initiatives around Bristol, Sydney and Melbourne in order to understand better how formal laws can block or facilitate the operations of social initiatives. Organisations studied ranged from social enterprises to social movements working in food, energy, transport, waste and recycling, and shared workspaces.

Learnings are of relevance to both policymakers and citizens, providing as they do a clearer picture of the effects of legal support structures and regulatory frameworks on social initiatives working to achieve goals of sustainability and future resilience.

This research focuses on social enterprises responding to climate change and the regulatory barriers and facilitators they encounter.

Policy implications

- Project-specific legal and financial advice to 'green' social enterprises is difficult to source. Pro bono private and publically funded support has limits. New professional career pathways in the medium term and law clinics or café-style open sessions offering community-oriented legal advice in the short term would be more effective.
- Existing regulatory frameworks are designed for large-scale for-profit organisations with elaborate supply chains. They are not well suited to 'green' social enterprise where innovation is key – such enterprises require regulatory flexibility and light-touch frameworks that still value worker and consumer well-being.
- A public debate on the question of what constitutes a fair rate of profit is needed to help clarify the stakes of regulatory reforms that affect social enterprise, especially in the area of taxation.
- Local government needs to embrace a more facilitative, enabling culture of working with local enterprise. Strong leadership and clear statements of corporate objectives are required to allow officers to embrace different ways of valuing outcomes.
- Volunteering activity and rewards need to be recorded in ways that avoid them affecting benefit or taxation regimes, or impinging on formal employment responsibilities.

Key findings

- Small socially-oriented enterprises with diverse and direct personal relationships with their customers are generating innovative new approaches, some of which use technology to sidestep existing middlemen or intermediaries.
- The diversity of legal entity structures available in the UK for taking forward 'green' social enterprise activity provides a positive support infrastructure around how to organise, fund and manage these projects.
- However, 'one size fits all' regulation undermines the innovative activity. Large volumes of paperwork get in the way of these initiatives' social purpose and capacity to do good for their communities.
- Despite the existence and effective functioning of support services for 'green' social enterprise, projects and organisations still struggle to source accessible, affordable legal and financial advice especially for ongoing operations.
- Local government tends to be risk-averse and conservative with clear demarcations between departments and responsibilities. This hampers social enterprises that do not fit within a single remit.
- Blurred lines between volunteers' and employees' responsibilities and rewards create regulatory grey areas. Fears of losing benefits or other entitlements hamper the positive effects of volunteering for a social purpose and discourage those who might otherwise support new social enterprises which are attempting to address sustainability and future resilience.

Further information

The project website contains more information about the research, including its events and outputs:
activismandenterprise.weebly.com

Janelle Orsi is co-founder of the Sustainable Economies Law Centre, Oakland, USA, which provides accessible affordable legal support for a resilient new economy, as well as new career pathways for legal professionals: theselc.org

Caroline Bird, Bronwen Morgan and Declan Kuch: *'Between Social Enterprise and Social Movement: The Bristol Report – headlines, March 2015'*. Produced in conjunction with the UK workshop held at the University of Bristol, March 2015.

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